

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

Public Services – Industries and Commerce Department – Andhra Pradesh State Federation Co-operative Spinning Mills Limited (SPINFED) – Allegations of corruption against Sri B.Mallikarjuna Rao, Ex-Managing Director, Adilabad Cotton Growers Co-operative Spinning Mills Limited, Adilabad District – Accused Officer expired – Abatement of Disciplinary Proceedings – Release of Pensionary benefits to the legal heirs – Orders – Issued.

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INDUSTRIES AND COMMERCE (VIGILANCE) DEPARTMENT

G.O Rt. No. 22

Dated.21.01.2014  
Read the following:

- Ref: 1. From the Director General, Anti Corruption Bureau, Hyderabad, Letter No.160/DES-NPK/99, Dt.29.02.2000.  
2. Govt. Memo. No.15399/Vig.A2/2001-6, Dt.10.03.2005.  
3. From the Director of Handlooms and Textiles, Hyderabad, Rc.No.354/08-S, Dt.30.04.2013.  
4. From the Director of Handlooms and Textiles, Hyderabad, Rc.No.354/08-S, Dt.04.07.2013.  
5. From the Director of Handlooms and Textiles, Hyderabad, Rc.No.354/08-S, Dt.16.11.2013.

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O R D E R:

In the reference 1<sup>st</sup> read above, the Director General, Anti Corruption Bureau has furnished surprise check report conducted on 12-11-1999 against Sri B.Mallikarjuna Rao, Incharge, Managing Director, the Parchur Cotton Growers Co-operative Spinning Mills Limited, Inkollu, Prakasam District stating that the Accused Officer has committed the following irregularities and recommended that he may be dealt with departmentally for major penalties against him:-

- (a) Payments were made to the cotton suppliers without observing the priority list of cotton arrivals;
- (b) The Managing Director collected advance amounts in lakhs from the suppliers irregularly and incurred the expenditure on mill affairs;
- (c) The Managing Director irregularly performed the money transaction without the Bank accounts and directly dealt with the cash; and
- (d) Irregular maintenance of records (cash book & cotton lint bill book etc.)

2. The report of the Director General, Anti Corruption Bureau, was examined and it was decided to conduct the enquiry on the above alleged irregularities against the Accused Officer. Accordingly, after following due procedure, the Vice Chairman and Managing Director, SPINFED has appointed as Enquiry Officer to conduct enquiry. He conducted the enquiry and submitted his Enquiry Report.

3. Government after examining the Enquiry Report, gave the following instructions vide Memo. 2<sup>nd</sup> read above:-

- (1) to conduct enquiry afresh into the irregularities committed by the then Managing Director, Sri B.Mallikarjuna Rao and to take a view in the matter;
- (2) to get the audit of the Spinning Mills done/conducted quickly, by Government agency.

4. In the reference 3<sup>rd</sup> read above, the Director of Handlooms and Textiles has reported that re-enquiry could not be done as audit of accounts for the year 1999 was not completed. However, as per the instructions of the Government the accounts of the mills for the year 1993-94 were got checked by the Cooperative Department Auditors, even though the said accounts were audited already by the Chartered Accountants. The checking Auditor of Cooperative Department, has pointed out certain defects and returned the Final Audit Report for 1993-1994 for rectification of certain defects to the Chartered Accountant and the said chartered accountant has returned the Final Audit Report effecting rectification of the defects. In the absence of Final Audit Report for 1993-1994, audit of accounts of the succeeding years could not be taken up by the Cooperative Department, including the year 1999-2000. The District Co-operative Audit Officer, Ongole has further informed that the

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issue of re-audit does not arise for the year 1993-94 and the re-audit shall be possible only after completion of the Final Audit and issue of Audit Certificate. However, the Director of Handlooms and Textiles has made it clear that the books of accounts of the Mill during the incumbency period of Accused Officer was get verified by the Chartered Accountant for the period from 18-08-1999 to 12-11-1999 and found that there are no irregularities committed by the then Managing Director, i.e., Sri B. Mallikarjuna Rao during the said period.

5. The Director of Handlooms and Textiles has further stated that, Sri B.Mallikarjuna Rao, has filed W.P No.27832/2007 and W.P M.P No's.35795/2007 and 24602/2009 requesting for release of his VRS benefits. In the mean he died in the year 2010. After his demise, his wife Smt B.Saradamba has been brought on record and the said W.P has been disposed on 21.02.2013 by the High Court with the following directions:

Smt B.Saradamba shall make a representation to the Second Respondent through proper channel if such course is necessary regarding release of the retirement benefits of her husband within one month from today. The Second Respondent shall thereafter enquire into the matter and pass a speaking order whether the disciplinary proceedings against Sri B.Mallikarjuna Rao will abate on his death and if so whether his wife is now entitled to the benefits under VRS or for any other benefits to which she is eligible. The competent authority shall complete the above exercise within two months from the date of receipt of representation from Smt.Saradamba.

6. In the references 4<sup>th</sup> and 5<sup>th</sup> read above, the Director of Handlooms and Textiles, Hyderabad, has requested the Government to consider the representation of Smt. B.Saradamba for sanction of an amount of Rs.6,91,827/- towards VRS benefits of Late B.Mallikarjuna Rao, as per the VRS Statement reported by the Liquidator, Andhra Pradesh State Federation Co-operative Spinning Mills Limited (SPINFED), Hyderabad and issue necessary orders abating the disciplinary proceedings against him consequent on his death in order to comply with High Court orders.

7. After careful examination of the matter, Government hereby decide to consider the representation of Smt. B.Saradamba W/o Late B.Mallikarjuna Rao, by abating all further disciplinary proceedings against Late B.Mallikarjuna Rao.

8. Accordingly, Government hereby order the Director of Handlooms and Textiles, Hyderabad to pay the VRS benefits as per rules based to Smt. B.Saradamba W/o Late B.Mallikarjuna Rao, duly abating all further disciplinary proceedings keeping in view of the report of Director of Handlooms and Textiles that no irregularities were committed by the charged Officer during his incumbency from 18-08-1999 to 12-11-1999 as verified by the book of accounts by the chartered Accountant and comply with the directions of the High Court in W.P No.27832/2007 dt.21.02.2013.

9. The Director of Handlooms and Textiles, Hyderabad, is therefore directed to take necessary further action accordingly, and send compliance report to the Government immediately.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

J.S.V.PRASAD  
PRINCIPAL SECRETARY TO GOVERNMENT

To

1. The Director of Handlooms and Textiles, A.P, Hyderabad.
2. Smt. B.Saradamba W/o Late B.Mallikarjuna Rao the then Managing Director, Parchur Cotton Growers Co-op. Spinning Mills Limited, Inkollu, Prakasam District through the Director of Handlooms & Textiles, A.P, Hyderabad.

Copy to :-

3. The Liquidator, Andhra Pradesh State Federation Co-operative Spinning Mills Limited (SPINFED); Hyderabad.
4. The Director General, Anti Corruption Bureau, A.P, Hyderabad.
5. The Andhra Pradesh Vigilance Commission, Hyderabad.
6. The Government Pleader for (Services-I), Industries and Commerce Department, High Court of A.P, Hyderabad.
7. The Pay Accounts Officer, Hyderabad.
8. The Accountant General, A.P, Hyderabad.
9. SF/Sc.

//FORWARDED::BY ORDER//

SECTION OFFICER